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STATISTICAL BULLETIN

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The Conference Board

STATISTICAL REFERENCE INDEX

COMMENT

The expansion is entering its second year with a good deal of vigor in consumer demand, prospects for a considerable inventory buildup, and some signs that conditions are beginning to fall in place for a rise in business investment. All that energy on the demand side is fueling strong and steady gains in production and employment. The convergence of a relatively subdued rise in compensation and exuberant increases in labor productivity has helped to contain cost increases and, hence, price increases. Inflation, then, remains quite well in check as the second year of expansion begins. The *Economic Forecasts* indicate that it can be expected to remain reasonably well in check in 1984. Some analysts, however, suggest that weather-related higher food prices, large Federal Government deficits, and high money growth in 1983 will lead to considerably higher inflation rates in 1984. The risk of more inflation, fiscal imbalance, and a less accommodative monetary policy all point to continued high interest rates in 1984. That prospect, in turn, spells little relief from the domestic economic pressures of a very strong dollar in international exchange markets.

Sluggish economic conditions from 1980 through 1982 bottled up consumer demand. Consumer attitudes began to turn more positive late in 1982, and some of that pent-up demand fueled a mini-boom in market activity this past Spring. There remains more than enough pent-up demand, however, to fortify quite healthy appetites for furniture, appliances, cars and homes in the expansion's second year.

Consumer attitudes remained positive but very stable through the summer months. The Conference Board's *Consumer Confidence Index* had improved from a low of 49.7 (1969-1970 = 100) last October to 84.0 by May, and then remained at about that same reading through September, 1983. Within this aggregate stability, there has been steady improvement in the appraisal of current conditions while the appraisal of conditions six months hence has eroded a bit. That may simply reflect a sense that some of the expected improvement in the economy has already occurred.

Retail sales, adjusted for inflation, were rising very briskly earlier this year but have since leveled off. Sales volume remained rather flat from May through September. This break in the expanding sales trend is a little puzzling, given the presence of pent-up demand and quite positive consumer attitudes. One primary factor in the low growth of real retail sales is the low growth of real consumer spending power. However, industrial production has been rising sharply, including a very hefty gain in September, and this has allowed for sizable gains in employment: More than one-half million jobs were added in August and September. The personal income data should begin reflecting the additional income from these jobs. Still, moderation in wage gains implies that the increase in spending power will probably not be very strong. Nevertheless, given a willingness to spend, some added wherewithal is likely to produce stronger consumer buying.

Business, in general, has been campaigning for some time to reduce inventory. High carrying charges and the need to cut costs to conserve cash flow have been powerful incentives to pursue something of a "just-in-time" inventory control. As a result, inventory is now depleted in most industries and acutely so in some—the automobile industry is a prime example. Rising raw material prices, some anticipation of increased final demand, and a simple need to restock the shelves all point to a change in inventory policy, although the persistence of high interest rates means that carrying charges are not likely to come down very much. The first year of recovery began with a lift from considerable inventory building, and it appears that the second year may well benefit from a repeat performance.

Rising production has been accomplished by more intense utilization of capacity. At about this time last year, manufacturing operating rates had generally fallen to less than 70% (see the *Capacity Utilization* chart). They are currently in the 75 to 80% range. As the recovery continues into its second year, those rates will move higher, probably to (or near) an 80 to 85% range by the end of 1984. At those levels, questions concerning the adequacy of capacity are likely to become more pronounced. Strategic planners are already anticipating the need to invest more heavily in modernization and expansion of plant and equipment. The Conference Board's *Capital Appropriations and Expenditures* survey shows that nonpetroleum companies expect appropriations to rise by 8% in 1983. A gain of this magnitude would support at least a modest rise in investment spending in 1984. As mentioned earlier, interest rates are likely to remain high but that may not constrict rising investment to any substantial degree. As indicated on the *Key Determinants of Profit Margins* chart, unit profit in the nonfinancial corporate sector is recovering. The acceleration of depreciation in the 1981 tax law will also augment cash flow, and thus help to fund a good deal of the new investment with internal funds.

Ken Goldstein, Editor
Prepared in The Business Conditions Analysis Department—Lora S. Collins, Director

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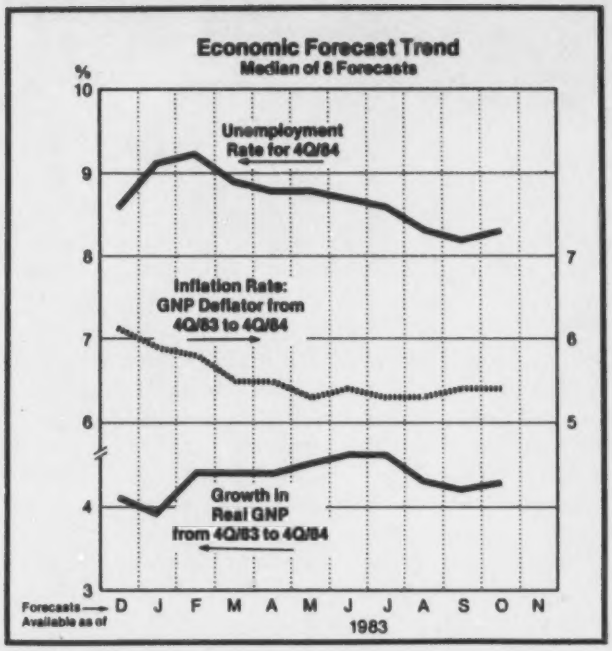


Consumer demand and inventory buildup are the twin engines of the recovery as it enters its second year. Both can be expected to lose some steam after a time, while business investment improves to the point where its momentum can take over as the driving force of continued expansion.

The data show that real GNP expanded at a booming 9.7% rate in the second quarter of 1983 (seasonally adjusted at an annual rate). The Commerce Department's flash report put the growth estimate for the third quarter at 7%, exactly the median of the *Economic Forecasts*. Expectations for real output growth in the fourth quarter range from 3.2% to 7.1%—with a median of 4.9 percent. Thus, the anticipation is that growth will be slowing down from the very brisk pace of the second and third quarters, but will remain quite robust in the fourth quarter. One forecast—that of The Conference Board—projects growth of 7.1% for the final quarter. The expansion of output in the second quarter exceeded all expectations, and the same can be said about the third quarter. Perhaps this recovery, initially expected to be subdued and moderate by historical standards, will continue to exceed expectations.

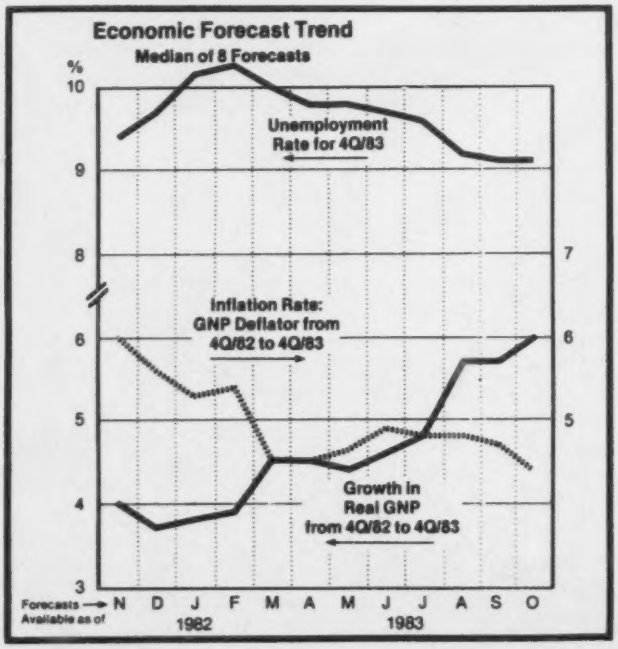
One explanation as to why this recovery turned out to be anything but subdued and moderate is that the Federal Reserve allowed money supply growth to exceed its targets by more—and for a longer period—than anyone anticipated. (See the *Money Supply and Monetary Targets* chart.) The combination of large deficits and high money growth gave an unusually, and unexpectedly, strong stimulus to the economy, helping to push it out of recession and squarely onto an expansionary path. More recently, money supply growth has been slowed down, and the ongoing recovery is helping to reduce the cyclical component of the deficit. These factors are being incorporated in the forecasts.

As indicated on the *Perspective on the Federal Budget* table, the Federal Government's deficit for fiscal 1984 (which began on October 1) looms quite large. This suggests that the Treasury will continue to be quite active in credit markets. Business will also be active in trying to line up financing for both inventory and investment. The competition for funds is likely to serve as a prop for the high level of interest rates.

A second factor in the expectation of little relief from high interest rates is the nervous jitters in financial markets about all that money growth in 1983. The median of the *Economic Forecasts* for inflation in the third quarter of 1983 is 3.8 percent. The median expected rate advances to 4.9% in the fourth quarter, to 5.4% in the first half of 1984, and gradually to about 6% by the third quarter of 1985 (last quarter in the forecast horizon). But there is concern, certainly in the financial community, that high money growth will produce much higher inflation rates than those, and this concern helps keep interest rates high.

A third factor sustaining high interest rates may well prove to be the "new era" of bank competition that began on October 1, 1983. Banks are now generally free to offer whatever rates they deem competitive for deposits. The likely result is higher returns for savers and higher costs for borrowers than would have prevailed under prior conditions.

Ken Goldstein
October 13, 1983

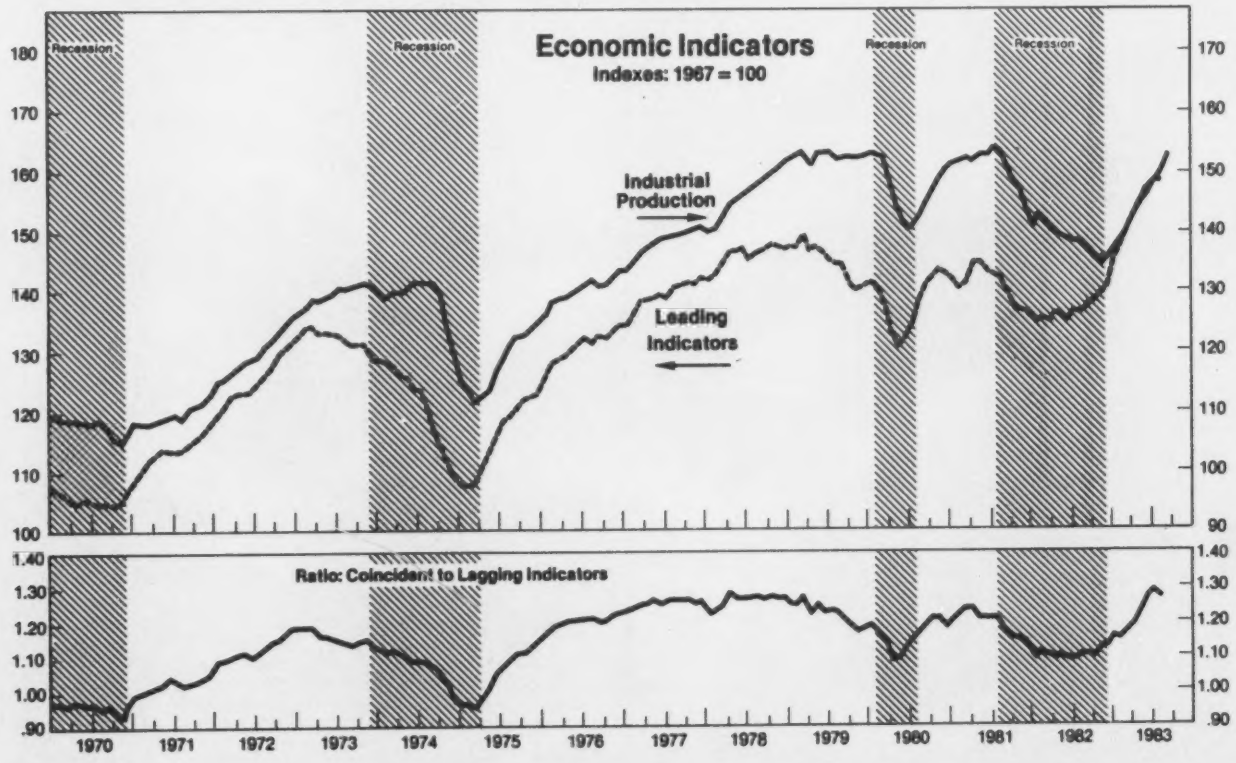


STATUS OF LEADING ECONOMIC INDICATORS

		Rising	Level	Declining	Change over latest three months	Change From Year-Ago
		(Classification based on movement of series over several months)				
Leading Economic Indicators	Aug.	X			+ 2.5%	+ 16.2%
Capital Investment Commitments						
*Contracts & orders, plant & equipment (deflated)	Aug.			X	— 8.4%	+ 19.3%
New orders, nondefense capital goods (deflated)	Aug.		X		+ 1.9%	+ 25.1%
*Net business formation	Aug.		X		— 1.7%	+ 0.3%
*Housing permits	Aug.		X		+ 1.0%	+ 77.9%
Inventory Investment and Purchasing						
*New orders, consumer goods & materials (deflated)	Aug.	X			+ 3.5%	+ 18.7%
*Change in inventory, on hand & order (deflated)	July	X			+ 13.0%	+ 18.6%
Purchasing agents' buying policy	Sept.		X		+ 3.0%	+ 0 %
*Vendor performance, reported slower deliveries	Aug.	X			+ 9.0%	+ 21.0%
Industrial raw materials prices	Sept.	X			+ 7.4%	+ 12.2%
*Change in sensitive prices	Aug.		X		— 0.3%	+ 1.7%
Sensitive Financial Flows						
*Money balance (M2 deflated)	Aug.		X		+ 0.9%	+ 9.5%
Change in business loans	Aug.	X			+ 38.7%	— 15.1%
*Change in credit outstanding	July	X			+ 10.3%	+ 11.6%
Change in consumer installment debt	July	X			+ 30.8%	+ 53.4%
Profitability						
Total corporate profits, after tax (deflated)	2nd Q	X			+ 17.2%	+ 6.7%
*Common stock prices	Aug.		X		— 0.5%	+ 36.6%
Marginal Employment Adjustments						
*Average workweek, mfg.	Sept.	X			+ 0.6hr.	+ 1.9hr.
*Initial unemployment claims (inverted)	Sept.	X			+ 2.2%	+ 39.2%

Note: For a description of the Leading Indicators Composite Index see Bureau of Economic Analysis, *Handbook of Cyclical Indicators*, (Washington, D.C.: Government Printing Office) 1977, p. 15.

*These twelve series make up the Composite Leading Index charted below.



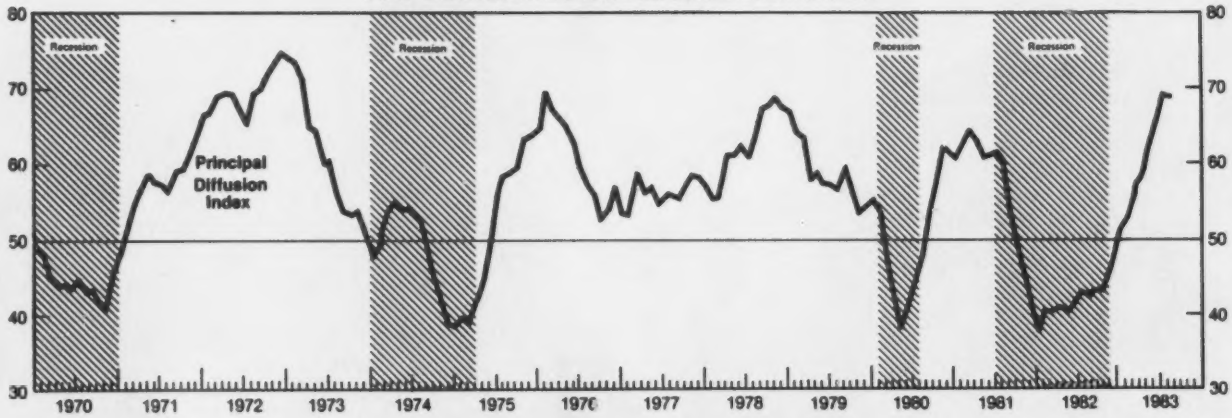
CONFERENCE BOARD DIFFUSION INDEXES

DIFFUSION INDEXES	1982 Aug.	1983 May	June	July	Aug.(e)
Principal Diffusion Index	39.4	61.9	65.8	69.2r	68.7
Auxiliary Diffusion Index	44.0	63.1	62.6	61.1r	48.3
Industrial Group	32.7	61.7	67.4	72.6	71.7
Nonindustrial Group	46.2	62.1	64.1	65.8r	65.6
Sense of Diffusion	— 1.0	1.0	1.0	1.0	1.0
SUBGROUP DIFFUSION INDEXES					
Industrial Subgroups					
Production	46.2	61.1	67.9	73.9	74.8
Labor	19.7	58.2	66.2	73.3	71.9
Miscellaneous	44.9	71.2	69.9	68.6	66.7
Nonindustrial Subgroups					
Prices	36.5	71.8	70.5	76.3	73.7
Consumer	50.9	72.2	77.4	76.9r	70.9
Building	44.9	51.9	51.9	51.9r	51.9
Miscellaneous	48.7	52.4	54.7	51.9	64.1

Note: The principal diffusion index reflects the frequency of rises in 20 component series over the 12-month period ending in the month indicated. The index is based on the direction of change, not the magnitude of change, from month to month. Each component series carries equal weight in the index, but the direction of recent changes is weighted more heavily than are earlier changes. If, for example, 10 component series rose and 10 declined in each of the last 12 months, the current index would register 50. On the other hand, if all 20 series rose in each of the last six months after declining in each of the prior six months, weighting would make the current index considerably greater than 50. See Morton Ehrlich, "Using The Conference Board's Diffusion Indexes," The Conference Board *RECORD*, July, 1966.

p—preliminary e—estimate r—revised

The Conference Board Diffusion Index



BUSINESS EXECUTIVES' EXPECTATIONS

	1981 Feb.	May	Aug.	Nov.	1982 Feb.	May	Aug.	Nov.	1983 Feb.	May.	Aug.
	Score (scale 0-100)										
Measure of Business Confidence	58	61	57	43	47	52	55	60	70	76	75
1. Appraisal of Current Economic Conditions Compared With Six Months Ago	50	57	48	26	23	30	38	44	65	76	82
2. Expectations for Economy, Six Months Ahead	63	64	63	51	59	64	65	70	76	78	74
3. Expectations for Own Industry, Six Months Ahead	61	61	60	52	58	61	61	65	70	72	69

The Measure of Business Confidence is the average of the scores for the three primary questions in the survey. Respondents have five reply options for each question; a score for each question is determined by assigning the following values to the replies and calculating the average value of the replies to the question: Substantially Better—100; Moderately Better—75; Same—50; Moderately Worse—25; Substantially Worse—0. The score for each question, and the overall Measure of Business Confidence, thus can range from 0 to 100.

CONFERENCE BOARD ESTIMATES OF CAPITAL APPROPRIATIONS AND EXPENDITURES BY MANUFACTURERS AND INVESTOR-OWNED UTILITIES

Billions of Dollars, Seasonally Adjusted

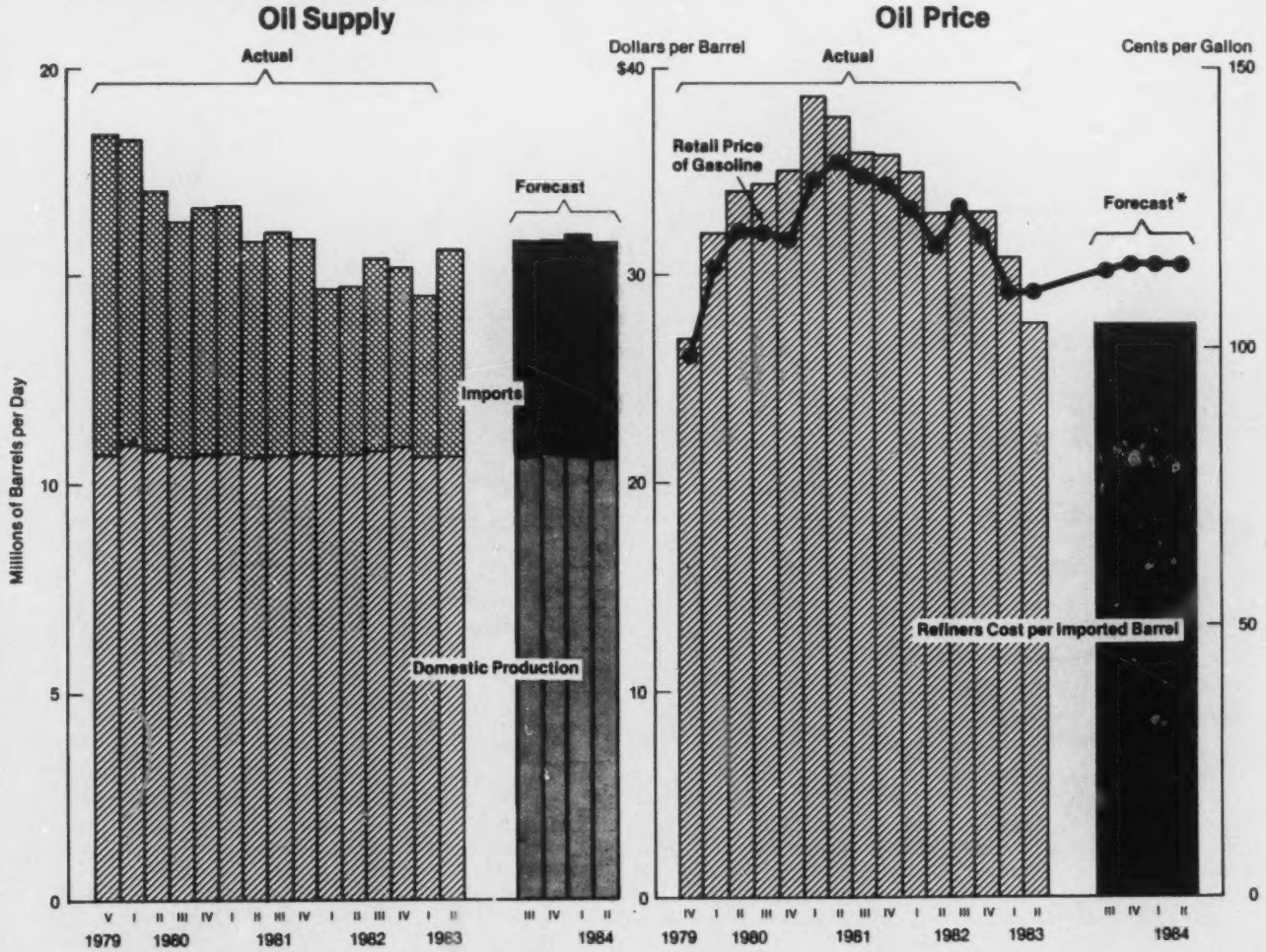
	1981	1982				1983		Percent Change From Previous Year		
								1981	1982	1983
	IV	I	II	III	IV	Ir	IIp	Actual	Actual	Expected**
1000 LARGEST MANUFACTURING FIRMS										
New appropriations	23.035	25.176	20.025	18.439	21.488	20.176	20.955	2	−18	2
Capital expenditures	26.225	26.660	25.552	23.991	22.867	18.641	18.687	15	− 3	−12
Change in appropriations backlog*	−4.610	−2.259	−7.326	−8.726	−3.395	−0.716	1.319			
Durable Goods										
New appropriations	9.595	8.785	7.398	7.724	8.238	8.197	9.554	−5	−24	8
Capital expenditures	11.016	11.069	10.505	9.684	8.949	7.918	7.795	4	− 7	−16
Change in appropriations backlog*	−1.961	−2.723	−3.903	−4.556	−1.351	−0.606	1.422			
Nondurable Goods										
New appropriations	13.460	16.391	12.627	11.215	13.250	11.979	11.401	7	−14	−2
Capital expenditures	15.209	15.591	15.047	14.307	13.938	10.923	10.892	24	0	−10
Change in appropriations backlog*	−2.649	0.464	−3.423	−4.170	−2.044	−0.110	−0.103			
ELECTRIC & GAS UTILITIES										
New appropriations	8.916	8.803r	8.502r	10.603r	10.803r	6.966	6.327			
Capital expenditures	8.424	8.958r	8.835r	9.018r	9.331r	9.032	9.343			
Change in appropriations backlog*	−3.677	−9.039r	−1.772r	+0.680r	−4.492r	−5.709	−6.307			

Note: Historical data from 1953 (manufacturing) and from 1958 (utilities) are available on request.

r—revised p—preliminary

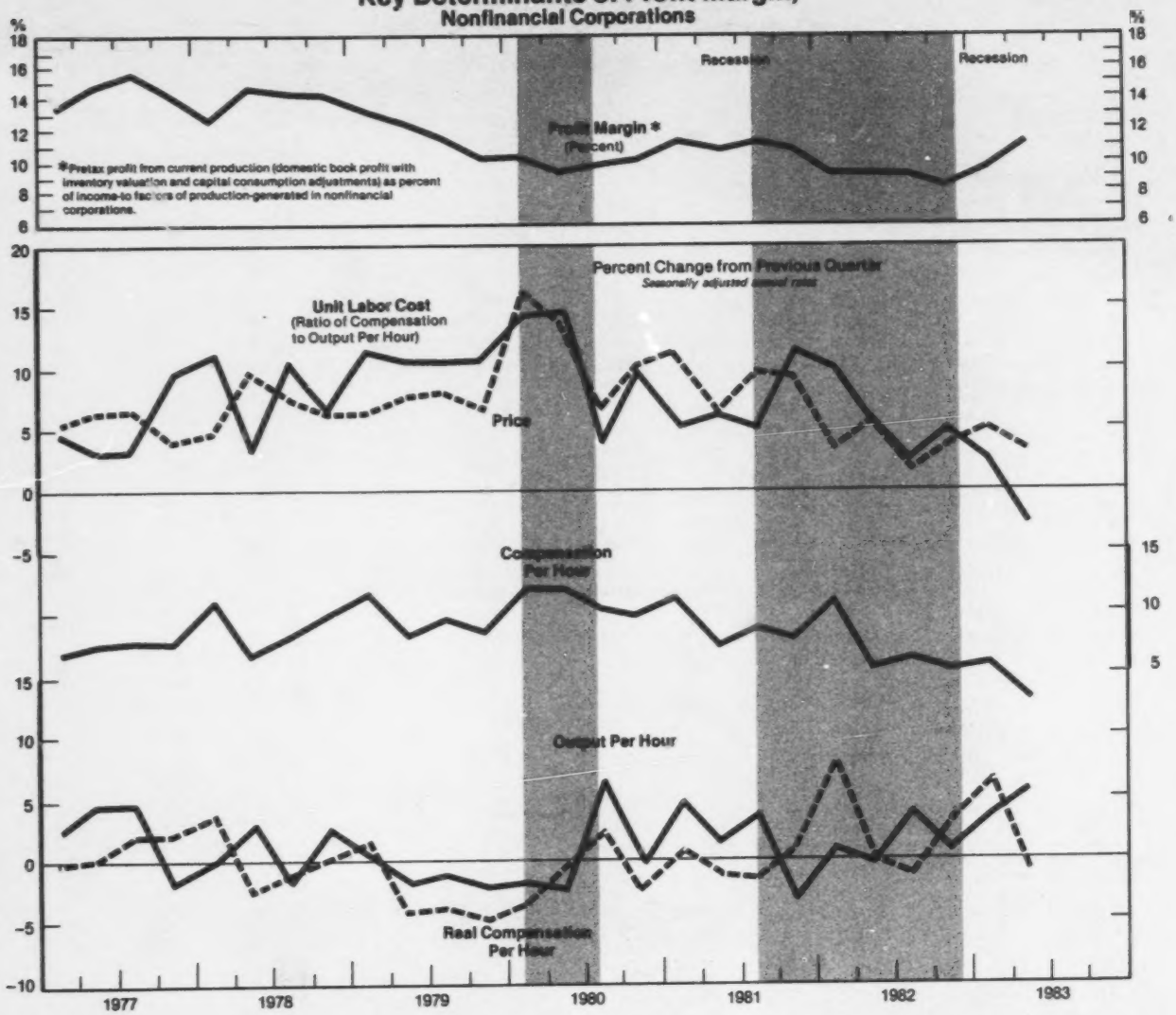
* Change in Backlog = New Appropriations — (Expenditures + Cancellations + Other Adjustments).

** Results based on survey respondents' expectations.

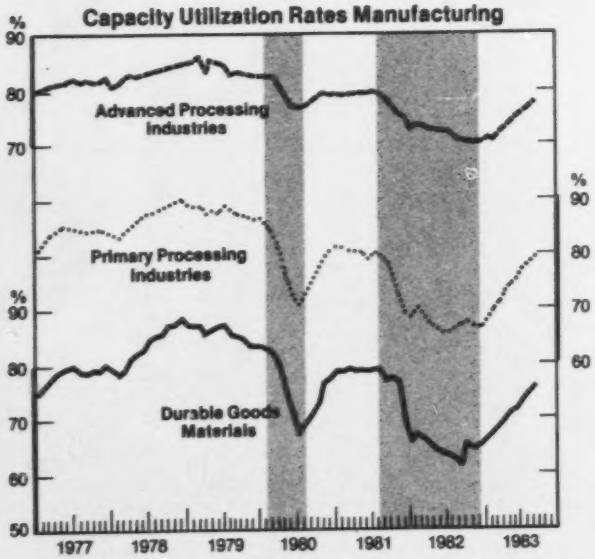


*Source: of Forecast is The Energy Information Administration; Department of Energy.

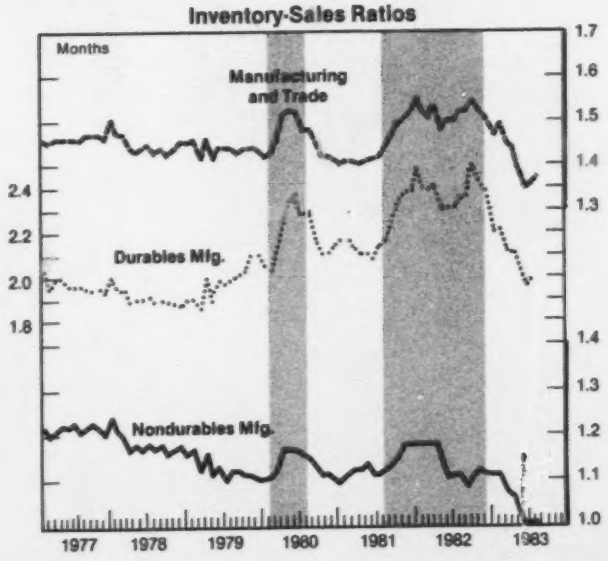
Key Determinants of Profit Margin,
Nonfinancial Corporations



Capacity Utilization Rates Manufacturing



Inventory-Sales Ratios



ECONOMIC FORECASTS

			U.C.L.A. Business Forecasting Project[2]		Merrill Lynch Economics Inc.[1]		E.I. duPont de Nemours & Co.[2]		Georgia State University[2]	
Date of Forecast			*Sept. 1983*		*Sept. 1983*		*Sept. 1983*		*Sept. 1983*	
			Level	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*
Gross National Product Billions of Current Dollars										
Actual	**1983**	**II**	**$3272.0**	**13.3%**			**$3272.0**	**13.3%**	**$3272.0**	**13.3%**
Forecast		III	3359.1	11.1	$3360.7	11.8%	3365.7	12.0	3354.7	10.5
		IV	3442.7	10.3	3436.4	9.3	3435.2	8.5	3438.7	10.4
	1984	I	3524.4	9.8	3513.8	9.3	3509.8	9.0	3508.8	8.4
		II	3605.5	9.5	3601.7	10.4	3592.0	9.7	3586.8	9.2
		III	3690.2	9.7	3697.5	11.1	3670.6	9.0	3665.8	9.1
		IV	3779.3	10.0	3799.5	11.8	3772.0	11.5	3757.7	10.4
	1985	I	3869.0	9.8			3860.9	9.8	3851.4	10.4
		II	3958.0	9.5			3948.3	9.4	3950.3	10.7
		III	4047.1	9.3			4034.3	9.0	4049.7	10.5
	1983	Annual	3311.3	7.8	3309.7	7.7	3311.1	7.7	3309.2	7.7
	1984	Annual	3649.9	10.2	3653.1	10.4	3636.1	9.8	3629.8	9.7
Gross National Product Billions of Constant (1972) Dollars										
Actual	**1983**	**II**	**$1525.1**	**8.7%**			**$1525.1**	**8.7%**	**$1525.1**	**8.7%**
Forecast		III	1551.0	7.0	$1548.6	6.8%	1551.0	7.0	1549.3	6.5
		IV	1568.9	4.7	1564.9	4.3	1565.0	3.7	1572.4	6.1
	1984	I	1584.9	4.1	1578.9	3.8	1581.0	4.2	1589.0	4.3
		II	1601.1	4.2	1597.1	4.7	1600.0	4.8	1603.5	3.7
		III	1619.0	4.5	1617.2	5.1	1617.0	4.3	1616.6	3.3
		IV	1636.4	4.4	1638.9	5.5	1640.0	5.8	1634.5	4.5
	1985	I	1652.6	4.0			1657.0	4.2	1653.8	4.8
		II	1667.5	3.7			1673.0	3.9	1672.1	4.5
		III	1681.3	3.4			1688.0	3.9	1689.4	4.2
	1983	Annual	1533.8	3.3	1531.8	3.1	1532.8	3.2	1534.2	3.3
	1984	Annual	1610.3	5.0	1608.0	5.0	1609.5	5.0	1610.9	5.0
Gross National Product Deflator Index, 1972 = 100										
Actual	**1983**	**II**	**214.6**	**3.3%**			**214.6**	**3.3%**	**214.6**	**3.3%**
Forecast		III	216.6	3.8	217.0	4.5%	217.0	4.7	216.5	3.8
		IV	219.4	5.4	219.6	4.8	219.5	4.7	218.7	4.1
	1984	I	222.4	5.6	222.5	5.5	222.0	4.8	220.8	3.9
		II	225.2	5.2	225.5	5.4	224.5	4.6	223.7	5.3
		III	227.9	5.0	228.6	5.7	227.0	4.5	226.8	5.9
		IV	231.0	5.4	231.8	5.7	230.0	5.4	229.9	5.7
	1985	I	234.1	5.6			233.0	5.3	232.9	5.3
		II	237.4	5.7			236.0	5.2	236.2	5.9
		III	240.7	5.8			239.0	5.2	239.7	6.0
	1983	Annual	215.8	4.3	216.0	4.4	216.0	4.4	215.7	4.2
	1984	Annual	226.6	5.0	227.1	5.1	225.9	4.6	225.3	4.5
Unemployment Rate										
Actual	**1983**	**II**	**10.1%**		**10.1%**		**10.1%**		**10.1%**	
Forecast		III	9.5		9.5		9.5		9.5	
		IV	9.1		9.2		9.3		9.3	
	1984	I	8.7		9.0		9.2		9.1	
		II	8.5		8.7		9.1		8.9	
		III	8.3		8.4		8.8		8.9	
		IV	8.2		8.2		8.5		8.6	
	1985	I	8.0				8.3		8.3	
		II	7.9				8.1		8.1	
		III	7.9				7.8		7.8	
	1983	Annual	9.8		9.8		9.8		9.8	
	1984	Annual	8.4		8.6		8.9		8.9	

Notes: Percentage change represent compound annual rates of change from preceding period. Quarterly data are seasonally adjusted.

[1]Based on revised (first revision) second quarter data.

[2]Based on revised (2nd revision) second quarter data.

ECONOMIC FORECASTS (continued)

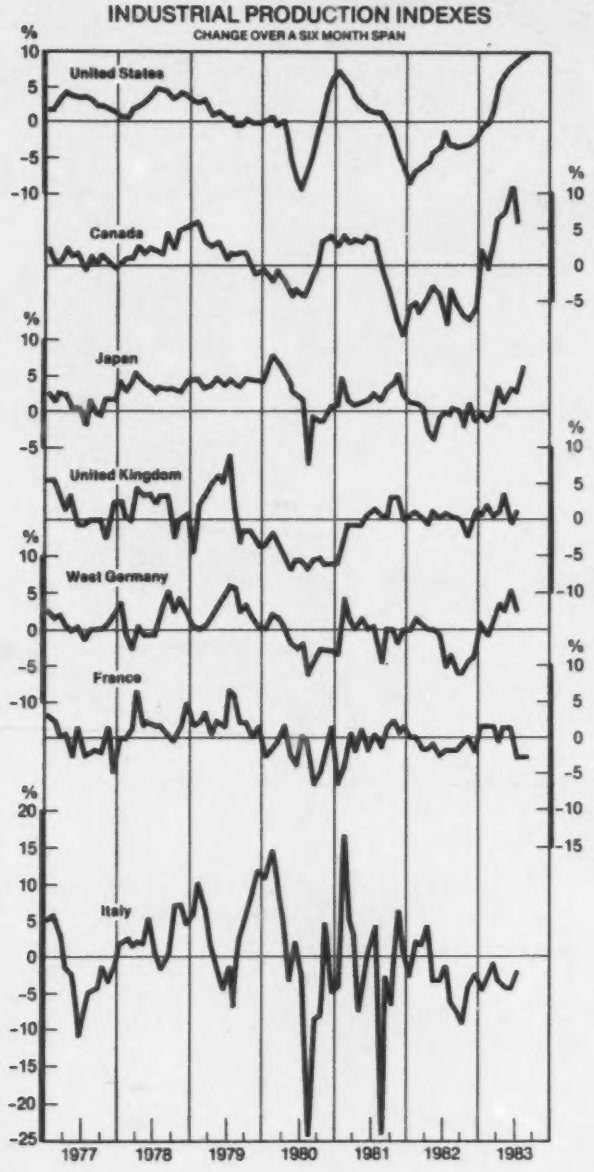
The Conference Board[3]		Chase Econometric Associates, Inc.[3]		Data Resources Inc.[3]		Wharton E.F.A. Inc.[3]				
Sept. 1983		Sept. 1983		Sept. 1983		Sept. 1983				
Level	Percent Change	Level	Percent Change	Level	Percent Change	Level	Percent Change			
								Gross National Product Billions of Current Dollars		
$3272.0	13.3%	$3272.0	13.3%	$3272.0	13.3%	$3272.0	13.3%	II	1983	Actual
3354.0	10.4	3358.7	11.0	3359.1	11.1	3357.7	10.9	III		Forecast
3454.0	12.5	3418.2	7.3	3445.3	10.7	3454.4	12.0	IV		
3542.0	10.6	3496.4	9.5	3532.1	10.8	3546.4	11.1	I	1984	
3602.0	6.9	3581.9	10.1	3617.8	10.1	3634.8	10.5	II		
3685.0	9.5	3671.7	10.4	3701.6	9.6	3720.4	9.8	III		
3789.0	11.6	3754.5	9.3	3782.6	9.0	3811.2	10.1	IV		
		3850.5	10.6	3860.9	8.5	3893.8	9.0	I	1985	
		3938.7	9.5	3940.9	8.5	3982.5	9.4	II		
		4021.1	8.6	4019.7	8.2	4066.3	8.7	III		
3312.9	7.8	3305.1	7.6	3312.0	7.8	3313.9	7.8	Annual	1983	
3654.5	10.3	3626.1	9.7	3658.5	10.5	3678.2	11.0	Annual	1984	
								Gross National Product Billions of Constant (1972) Dollars		
$1525.1	8.7%	$1525.1	8.7%	$1525.1	8.7%	$1525.1	8.7%	II	1983	Actual
1550.0	6.7	1548.4	6.3	1551.0	7.0	1552.1	7.3	III		Forecast
1576.8	7.1	1560.5	3.2	1570.2	5.0	1576.7	6.5	IV		
1592.1	3.9	1575.7	4.0	1588.8	4.8	1599.2	5.8	I	1984	
1596.1	1.0	1593.0	4.5	1607.2	4.7	1617.5	4.7	II		
1610.4	3.6	1610.6	4.5	1624.5	4.4	1632.8	3.8	III		
1631.1	5.2	1625.1	3.7	1638.4	3.5	1646.8	3.8	IV		
		1639.3	3.5	1650.3	2.9	1659.4	3.1	I	1985	
		1650.0	2.6	1661.9	2.8	1673.1	3.3	II		
		1659.7	2.4	1672.5	2.8	1683.5	2.6	III		
1535.5	3.4	1531.0	3.1	1534.1	3.3	1536.0	3.4	Annual	1983	
1607.4	4.7	1601.1	4.6	1614.7	5.3	1624.1	5.7	Annual	1984	
								Gross National Product Deflator Index, 1972 = 100		
214.6	3.3%	214.6	3.3%	214.6	3.3%	214.6	3.3%	II	1983	Actual
216.4	3.5	216.9	4.5	216.6	3.8	216.3	3.4	III		Forecast
219.1	5.0	219.0	4.9	219.4	5.4	219.1	5.2	IV		
222.5	6.4	221.9	5.3	222.3	5.4	221.8	5.0	I	1984	
225.7	5.9	224.9	5.4	225.1	5.1	224.7	5.4	II		
228.8	5.7	228.0	5.7	227.9	5.0	227.9	5.7	III		
232.3	6.2	231.0	5.5	230.9	5.4	231.4	6.4	IV		
		234.9	6.8	234.0	5.4	234.7	5.7	I	1985	
		238.7	6.7	237.1	5.6	238.0	5.9	II		
		242.3	6.1	240.3	5.5	241.5	6.0	III		
215.7	4.3	215.8	4.3	215.8	4.3	215.7	4.3	Annual	1983	
227.3	5.4	226.4	4.9	226.5	5.0	226.4	5.0	Annual	1984	
								Unemployment Rate		
10.1%		10.1%		10.1%		10.1%		II	1983	Actual
9.4		9.3		9.5		9.5		III		Forecast
9.1		8.9		9.1		9.2		IV		
8.9		8.7		8.6		9.0		I	1984	
8.9		8.5		8.4		8.8		II		
8.6		8.4		8.2		8.6		III		
8.5		8.3		8.1		8.3		IV		
		8.2		8.0		8.2		I	1985	
		8.2		8.0		8.0		II		
		8.2		8.0		7.8		III		
9.8		9.7		9.8		9.8		Annual	1983	
8.8		8.5		8.3		8.7		Annual	1984	

Please Note: In the interest of speeding the data contained in this publication to you, these series are now available on-line through The Conference Board Data Base. For more information, contact Linette Stein Waters or Ken Goldstein at (212) 759-0900

SELECTED INTERNATIONAL COMPARISONS

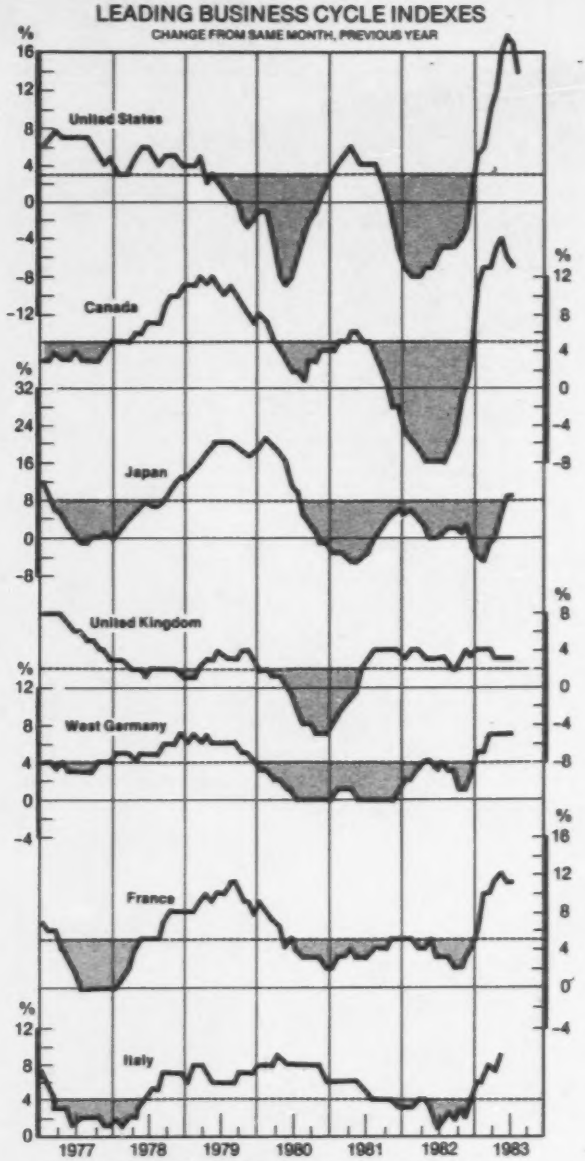
INDUSTRIAL PRODUCTION INDEXES

CHANGE OVER A SIX MONTH SPAN



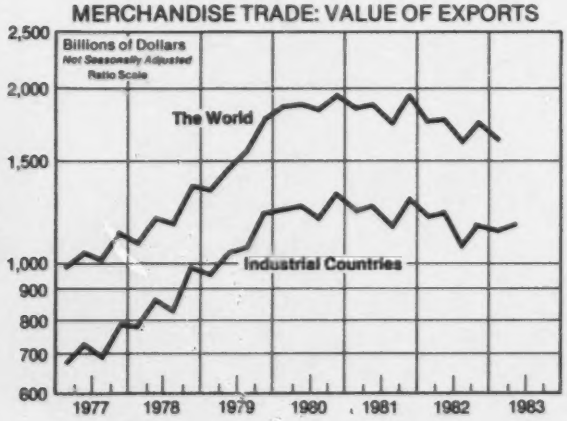
LEADING BUSINESS CYCLE INDEXES

CHANGE FROM SAME MONTH, PREVIOUS YEAR

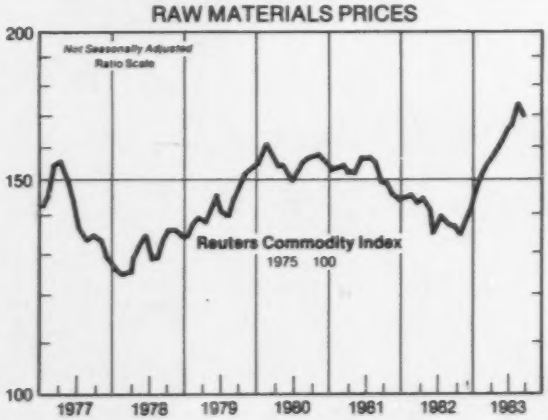


Source: Center for International Business Cycle Research, Rutgers University.

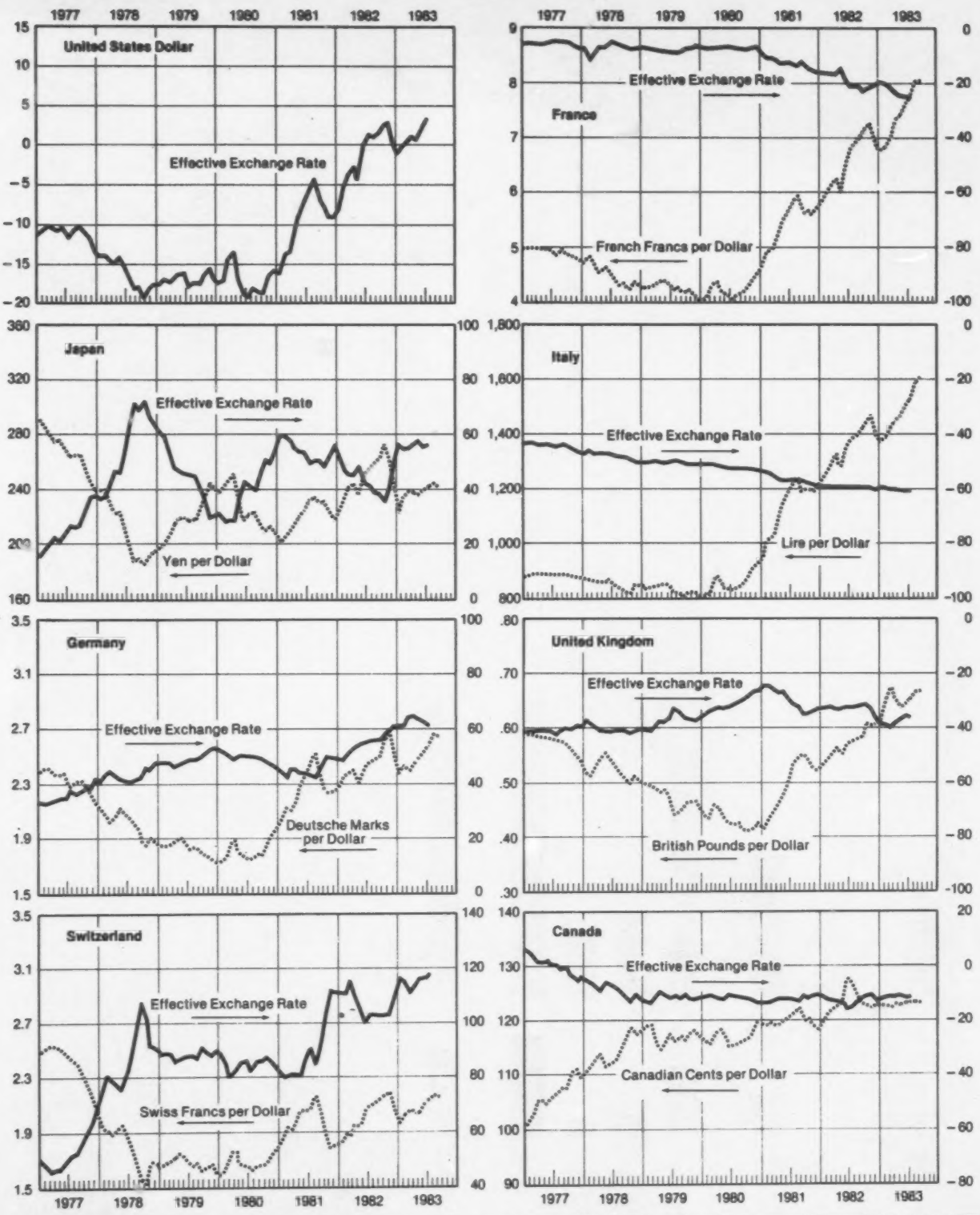
MERCHANDISE TRADE: VALUE OF EXPORTS



RAW MATERIALS PRICES



FOREIGN EXCHANGE RATES



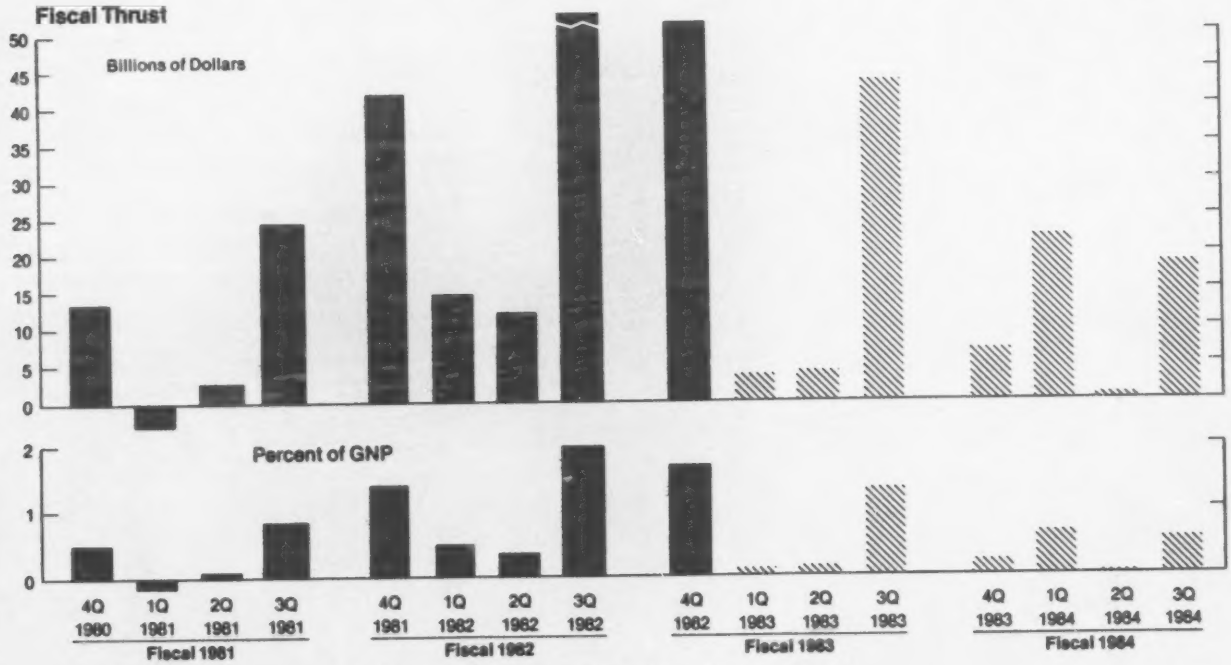
Effective Exchange Rate for each country indicates changes vis-a-vis a group of 15 major currencies, weighted according to the average bilateral manufactures trade of 1976. Changes are in percent from pre-June 1970 parities, based on monthly averages of daily rates.

Source: Morgan Guaranty Trust

PERSPECTIVE ON THE FEDERAL BUDGET
($ Billions)

	Fiscal 1982	Fiscal 1983		Fiscal 1984		
	Actual (10/26/82)	President's Proposal (7/25/83)	Congressional Estimate (9/1/82)	Current Service (7/25/83)	President's Proposal (7/25/83)	Congressional Estimate (8/20/83)
Receipts	**$617.8**	**$599.9**	**633.0**	**685.6**	**668.4**	**679.6**
Outlays	**728.4**	**809.8**	**788.0**	**866.0**	**848.1**	**849.5**
Deficit	**−110.6**	**−209.8**	**−155.0**	**−200.4**	**−179.7**	**−169.9**
Receipts by source	**617.8**	**599.9**	**633.0**	**685.6**	**668.4**	**679.6**
Individual income taxes	298.1	288.5	298.0	294.6	296.0	
Corporate income taxes	49.2	35.2	47.0	64.1	64.1	
Social insurance	201.1	211.1	217.0	240.0	241.4	242.3
Other receipts	69.4	65.1	71.0	66.9	66.9	
Outlays by function	**728.4**	**809.8**	**788.0**	**866.0**	**848.1**	**849.5**
Income security	248.8	279.4	270.0	278.5	275.2	278.8
National defense	187.4	214.9	216.0	245.4	242.3	240.0
Health	74.0	82.3	79.0	92.4	90.5	92.6
Education and manpower	25.4	27.2	27.0	27.9	26.5	28.4
Transportation	20.6	21.1	20.0	26.0	25.9	26.0
Veterans' benefits	24.0	24.9	24.0	25.5	25.5	25.5
International affairs	10.0	11.0	13.2	13.1	13.5	13.0
Natural resources and environment	13.1	12.5	11.0	12.0	10.8	12.5
Agriculture	14.8	25.3	15.0	16.9	13.8	11.5
General science	7.1	7.8	8.0	8.2	8.3	8.3
Community development	7.4	7.4	8.0	7.9	7.8	8.1
Revenue sharing	6.2	6.4	6.0	6.8	6.8	7.2
General government	4.8	5.8	5.0	5.4	5.6	5.6
Justice	4.6	5.3	5.0	5.4	5.5	5.9
Energy	4.8	4.6	5.0	4.4	4.4	4.3
Commerce and housing credit	3.8	5.1	2.0	3.3	2.8	2.3
Interest	100.8	89.0	115.0	104.9	103.5	97.1
Allowances	—	—	−3.0	1.9	0.9	0.8
Undistributed offsetting receipts	−29.3	−19.9	−36.0	−20.0	−21.0	−18.1

Sources: Office of Management and Budget; Congressional Budget Office.



Note: The Conference Board has developed estimates of fiscal thrust which measure the initial economic impact of the budget which then results in subsequent rounds of spending associated with the "multiplier effect" within the private sector of the economy. For more complete descriptions, see Michael Levy, *The Federal Budget: Its Impact on the Economy* (FB-81 3), The Conference Board, New York, 1980.

Money Supply and Monetary Growth Targets